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Southern Comm. Cong. American Comm. for study of application of
Cooperative system to agricultural production, distribution
and finances in European countries

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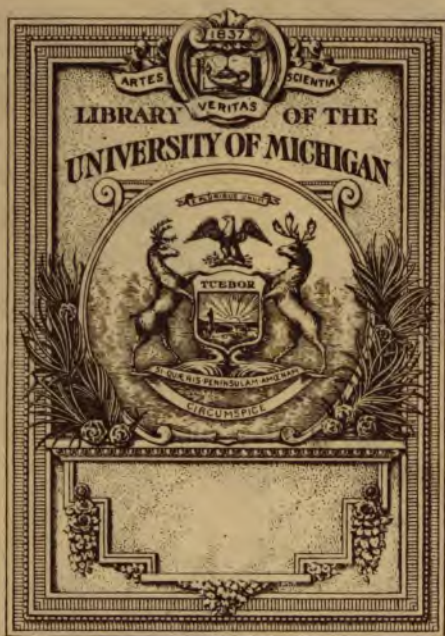
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AMERICAN COMMISSION FOR THE
STUDY OF THE APPLICATION OF THE CO-
OPERATIVE SYSTEM TO AGRICULTURAL
PRODUCTION, DISTRIBUTION, AND
FINANCES IN EUROPEAN
COUNTRIES



UNDER THE DIRECTION OF
THE SOUTHERN COMMERCIAL CONGRESS



PRESENTED BY MR. SMITH OF GEORGIA
FEBRUARY 11, 1913.—Ordered to be printed

WASHINGTON
1913

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FOREWORD.

①5-ja 17 S. S.
The following pages were prepared by The Southern Commercial Congress in order to make known the public considerations which led to the decision to appoint an American commission to inquire into the organization of agricultural business in Europe. It has been thought well that I should explain briefly how the project which has received such remarkably influential support came to assume its present shape.

The researches of the International Institute of Agriculture in Rome, Italy, had demonstrated the immense importance which Governments on the Continent of Europe attach to the employment by farmers of the best business methods which it would seem are by general consent cooperative. Hon. David Lubin, the American delegate to the institute, had in numerous publications impressed upon the American public the importance of an improved system of agricultural credit, which, probably owing to his advocacy, figured prominently in the presidential campaign, each of the three parties making it part of its constructive policy. This gave rise to a non-political movement aiming at a thorough European inquiry as a preliminary to legislative or other action. The President summoned a conference of the governors of the States at the White House on December 7, 1912, for the consideration of this question.

The interest aroused led to a widespread feeling that the scope of the inquiry should be broadened. The instructions, which are printed in the following pages, will explain the precise nature and purpose of the investigation which is to take place. It is hoped that as the result of the publication of this and the other documents the commission, which is to set out on the 26th of April, will carry to Europe two delegates from every State in the Union and thus be truly representative of the Nation at large.

In conclusion a word may be said as to the nature of the support received from both sides of the Atlantic. The commission has been indorsed by the House of Governors, and also by the President, the President elect, and the ex-President, whose letters are printed as a part of this document. We further call attention to the letters and documents prepared by Hon. David Lubin and to the remarks of Sir Horace Plunkett, who speaks as the representative of that branch of the English-speaking peoples which has made its own investigations into continental agricultural systems and has learnt its own lesson therefrom. With such evidence before us we can not doubt the importance of these questions.

Respectfully submitted.

CLARENCE J. OWENS,
Managing Director,
The Southern Commercial Congress.

GENERAL INSTRUCTION TO THE COMMISSION.

The inquiry will embrace an examination of the methods employed by progressive agricultural communities in production and marketing, and in the financing of both these operations.

Special note will be taken of—

First. The parts played, respectively, in the promotion of agriculture by the Governments and by voluntary organizations of the agricultural classes.

Second. The application of the cooperative system to agricultural production, distribution, and finance.

Third. The effect of cooperative organization upon social conditions in rural communities.

Fourth. The relation of the cost of living to the business organization of the food-producing classes.

NOTES ON ITINERARY OF THE AMERICAN COMMISSION.

Sir Horace Plunkett will cooperate with Mr. David Lubin in mapping out the itinerary.

The commission will leave New York on the 14,000 ton steamship *Saxonia*, of the Cunard Line, April 26, reaching Naples on May 10. The itinerary includes the following countries: Italy, Hungary, Austria, Germany, Denmark, Sweden, Holland, Belgium, France, England, and Ireland. The party will spend 70 days on land, dividing the time among the above countries.

The contract with the Eager Tours Co., J. Howard Eager, manager, Baltimore, Md., which will manage the trip, provides for the payment of \$50 when the steamer reservation is made, the balance, \$1,150, to be paid not later than March 15, 1913. The treasurer of The Southern Commercial Congress is placed under special bond to handle this fund.

First-class accommodation in outside rooms will be provided for the party, going and returning. The commission will return on the *Cedric*, of the White Star Line, which leaves Queenstown July 18. First-class hotel accommodations, three meals per day, transportation of one steamer trunk and one suitcase per passenger, all necessary carriage drives, with transfers to and from all hotels, all tips to hotel and railway employees, and all ordinary fees will be cared for by the Tours Co. A number of very desirable staterooms have been reserved for outward and return passage, and will be allotted strictly in order of application. It is, therefore, desirable that the preliminary deposit of \$50 be forwarded at once.

On May 10 a reception will be tendered the American commission in Rome and will be attended by King Victor Emanuel and Queen Helene.

AMERICAN COMMISSION FOR THE STUDY OF THE APPLICATION OF THE COOPERATIVE SYSTEM TO AGRICULTURAL PRODUCTION, DISTRIBUTION, AND FINANCES IN EUROPEAN COUNTRIES.

RESOLUTIONS ADOPTED AT FOURTH ANNUAL CONVENTION OF THE SOUTHERN COMMERCIAL CONGRESS IN THE CONFERENCE ON AGRICULTURAL FINANCE, APRIL 1-6, 1912.

Whereas the solution of the problems of rural finance lies at the basis of every attempt to improve rural conditions; and

Whereas the latent wealth of the farmer can only become active wealth through the possibilities of credit freely obtainable on the basis of his character and his assets; and

Whereas there are in operation in Europe the following systems and their variants, namely, Raiffeisen, Schulze-Delitzsche, and Landschaften; and

Whereas these systems have during their existence greatly stimulated rural finance in these European countries; and

Whereas we are convinced that the systems should be further studied by the United States: Therefore be it

Resolved, That we recommend to the directors of the Southern Commercial Congress that a select committee on rural finance investigation, consisting of one or more, but preferably two, members from each State of the Union, go to Europe in the summer of 1912, under the general management of the Southern Commercial Congress, and under the administrative management of an executive committee to be elected by the members of the select committee and under by-laws to be adopted by the committee as a whole; be it further

Resolved, That the daily findings of the select committee shall be recorded in such form that each member may return to his State possessed of one copy of said findings for publication and use in his State and that a second copy be given to the Nation through publication to be recommended to the Congress of the United States for general distribution; and be it further

Resolved, That we preferably recommend two members from each State for the reason that when the committee returns there will be in each State two men well informed on the whole subject and locally interested in solving the problems of rural finance as presented by the State of their residence, and for the additional reason that a large committee bringing many minds to bear upon the phases of one subject can be expected to produce greater national good than would be possible from investigation by a small committee not individually representative of the States of the Nation and in a measure unacquainted with the varying needs of the various sections.

The convention, by a rising vote, also passed unanimously the following resolution:

Whereas the International Institute of Agriculture was established at Rome in 1905 upon the initiative of His Majesty Victor Emanuel III, King of Italy, who provided it with land and buildings and is contributing with princely generosity toward its work in addition to the official support and participation therein by Italy, by the United States, and by 48 other Governments, together representing 95 per cent of the world's area and 98 per cent of the world's population; and

Whereas it is now realized that the International Institute of Agriculture is doing a work of incalculable value to the world as a whole and to the United States of America: Now, therefore, be it

Resolved, That the Southern Commercial Congress, in convention assembled, with 24 States represented, voices the sentiments of the American people in hereby recognizing the valuable services of the King and Government of Italy in making possible that great world federation for progress, the International Institute of Agriculture.

We trust that the institute may continue to be increasingly successful in securing international cooperation in world crop reports, in disseminating agricultural intelligence, in promoting cooperative agricultural finance, in fostering more economic distribution of the world's agricultural production, and in facilitating better understandings between the peoples of the earth.

ITINERARY FOR THE COMMISSION.

LETTER FROM HON. DAVID LUBIN, AMERICAN DELEGATE TO THE INTERNATIONAL INSTITUTE OF AGRICULTURE, ROME, TO DR. CLARENCE J. OWENS, MANAGING DIRECTOR SOUTHERN COMMERCIAL CONGRESS, WASHINGTON, D. C.

In a recent letter you say: "You will greatly assist me if you will map out the itinerary for the select committee."

In reply to your request, I wrote on for the opinions of authorities in the several countries to be visited, stating:

The committee will leave New York some time in the latter half of April, to be in Rome during the session of the General Assembly of the Institute, to be held in the first fortnight in May. It will be due in New York on its return journey in the early part of August. Beginning and terminating in New York, the trip is to occupy 90 days time. The ocean voyage to and fro, and spare time, will take about 24 days, thus leaving about 66 days available for the investigation in the European countries.

The following are some replies received to the above:

OPINION OF THE DELEGATE OF HUNGARY.

The delegate of Hungary to the International Institute of Agriculture, His Excellency, Mr. Edmond de Miklos, writes from Alacska, Hungary:

With regard to the itinerary of the select committee, my judgment would be to make the study in the following countries:

Italy, 8 days; Austria, 5 days; Hungary, 5 days; Germany, 10 days; Denmark-Sweden, 10 days; Belgium-Holland, 10 days; France, 8 days; and Ireland, 8 days. Two days could be used here or there, thus making up the 66 days.

The best route would be for the committee to go from Italy direct to Hungary, and thence, via Austria, to Germany.

My Government will do its utmost to receive your compatriots with the honor due to your fine country and to our old friendship and sympathy.

It seems to me it would be advantageous to the outcome of your work to draw up a list of questions and send over that list in January or February, so that the different Governments and associations may be enabled to arrange in advance the best facilities for the study by your select committee.

THE OPINION OF THE SECRETARY GENERAL OF THE INSTITUTE.

Prof. Giovanni Lorenzoni, Secretary General of the International Institute of Agriculture, writes:

The itinerary could be mapped out on the following plan:

Italy (Rome, Bologna, Piacenza, Milan, Cremona); Austria-Hungary (Budapest via Trieste, Vienna, Prague); Germany (Dresden, Berlin); Denmark (Copenhagen); then back to Germany (Munster, Cologne, Darmstadt, Munich); France (Paris); Belgium (Brussels); Holland (The Hague); Great Britain and Ireland (London, Dublin), and from Queenstown back to New York.

OPINION OF THE PRESIDENT OF FEDERATION OF AGRICULTURAL CO-OPERATIVE SOCIETIES OF GERMANY.

The following is the opinion of Mr. H. E. Haas, president of the Reichsverband der deutschen landwirtschaftlichen Genossenschaften, Darmstadt, Germany:

It was with great interest that I noted the contents of your letter of July, 1912, with regard to the itinerary of the American committee on their tour in Europe for the purpose of studying the European rural cooperative credit systems. I also received, some days ago, a letter from the secretary of state for the interior giving me all the necessary information relating to the proposed tour.

Speaking in the name of the Imperial Union of German Agricultural Cooperative Societies, I shall be most pleased to afford your committee every facility possible to make their tour in Europe, and more especially in Germany, of the greatest service.

With regard to the itinerary of the committee, as its purpose is the study of the organization of the cooperative rural credit systems, it is of course understood that kindred branches, such as cooperative purchasing, dairy farming, marketing, and the other fields of cooperative activity, should only be treated as of secondary importance, leaving the greater part of the time for the study of agricultural credit.

It is certainly advisable that the tour begin in Rome, so that the committee take part in the General Assembly of the International Institute of Agriculture, in May, 1912, where they will meet leading experts on this subject who will be in attendance. They can then first study the organization of the Italian cooperative credit systems.

Considering the limited time at the disposal of the committee, the tour should embrace only a few countries, so as to enable it to devote as much time as possible in those countries where these systems have reached their highest development. Subject to further consideration, I should propose: Italy, Hungary, Austria, Germany, Denmark, France, and Ireland.

I hope that Germany will have the privilege of receiving the committee and that the time devoted to it will not be too limited. As soon as I know how many days are reserved for the stay in this country I shall immediately propose a detailed itinerary for Germany.

I attach the greatest importance to the tour, but would suggest for your consideration that a subcommittee of the delegation make a longer stay in Germany and in some of the other countries, supplementing, by additional studies, the work done. I suggest this because England and Japan have applied this method with success.

Awaiting your answer, I beg to remain, yours, faithfully,

H. E. HAAS.

From the views set forth above, I would suggest that in making up your final itinerary you include the following countries to be visited by the committee as a whole: Italy, Hungary, Austria, Germany, and France; while subcommittees should visit Russia (St. Petersburg), the Balkan States, Sweden, Denmark, Switzerland, Belgium, Holland, and Ireland.

For instance, while the committee as a whole is at work in Austria-Hungary subcommittees could be detailed to Russia and the Balkan States, while at work in Germany subcommittees could be detailed to Sweden, Denmark, and Switzerland, and when working in France subcommittees could go to Belgium, Holland, and Ireland.

The select committee should also, in my opinion, divide the investigation it is to make into four main branches, with a subcommittee for each of the following: The Raiffeisen, the Schulze-Delitsche, and the Landschaften systems, as well as the Landwirtschaftsrat. These studies again will have to be subdivided under the following heads: Farms, cooperative societies, universities and colleges, Government departments, legislation and laws, credit banks, central banks, and agricultural associations. Besides these there should be a committee on organization, with the following subdivisions: Finance, audit, by-laws, program, report, route.

A plan like this would give the select committee the information on all the various systems in the European countries. At the same time it would give the committee as a whole the best opportunity for investigation in the five principal European centers of rural cooperative credit.

In view of the importance of Germany for the purposes of this investigation, it seems to me that one month's time should be devoted to that country. I would also suggest that in visiting a country each important section of the same be assigned to a subcommittee, each subcommittee reporting to the committee as a whole on stated occasions.

DAVID LUBIN,
*Delegate of the United States,
International Institute of Agriculture, Rome, Italy.*

THE OPINION OF AMBASSADOR MYRON T. HERRICK.

[Extract from a letter from Hon. Myron T. Herrick, American Ambassador to France, addressed to the managing director of the Southern Commercial Congress.]

I have made a cursory investigation of this subject and have been speaking on it from time to time the last three or four years. Last year I made some investigations which I am continuing here, at the request of the Department of State, and as a result of all this I have arrived at the firm conviction that the establishment of rural credit system or systems is an imperative need. There is nothing so important to-day before the American people, in my opinion, not even excepting the currency reform, and it is my desire, therefore, to in some way assist in the establishment of a sound economic system in our country at the earliest possible date. Consequently I shall most earnestly welcome your commission on its visit to Europe. I should be pleased to know your plans at as early date as possible in order that I may be in Paris to receive you.

[Extracts from letters from Ambassador Herrick to Hon. David Lubin, American delegate, International Institute of Agriculture.]

The purpose of all interested is, or should be, to bring to the American people information on all the methods employed in Europe which have proven of value to agricultural interests. It would be a very good idea if we could center all this work in one organization, such as the Southern Commercial Congress.

I think it would be most unfortunate if after the public has been awakened to an interest in this matter, ill-considered organizations should succeed in getting into the field and bringing about a repetition of the farm-mortgage financial disasters of some 25 years ago. * * * Therefore, I am most willing that authoritative warning be made on this point.

**THE JURY OF INQUIRY ON THE EUROPEAN COOPERATIVE
RURAL CREDIT SYSTEMS.****MODE OF PROCEDURE OF THE AMERICAN COMMISSION IN ITS
TOUR THROUGH THE EUROPEAN COUNTRIES.**

(Leaving New York, steamship *Sazonia*, April 26, 1913.)

INTERNATIONAL INSTITUTE OF AGRICULTURE,
Rome, Italy, January 11, 1913.

DR. CLARENCE J. OWENS,
*Managing Director, Southern Commercial Congress,
Southern Building, Washington, D. C.*

DEAR DR. OWENS: In response to the request of The Southern Commercial Congress I herewith submit a report, proposing a mode of procedure for the American commission on its tour of investigation in the European countries. The suggestions offered are the result of consultation with delegates to this institute and other authorities on the European rural cooperative credit systems.

As a preliminary to my statement I wish to observe that it is essential that candidates for appointment as commissioners possess the proper qualifications for the work they are to perform. The importance of this work, the magnitude of the factors to be investigated, and the comparatively short time in which all this is to be done, will afford but little opportunity for sight-seeing or social functions. There will be neither time nor place on this commission for mere junketers, sight-seers, amateurs, or dilettanti. Every working hour during the allotted time at the disposal of the commission will have to be devoted to serious work.

THE JURY OF INQUIRY.

In the main, as I have already informed you, the general opinion is favorable to conducting the investigation on the method of a "jury of inquiry."

What is this "Jury of inquiry" method? It is this: During the various sessions of the American commission in the countries visited, designated members of the European cooperative credit associations, both men and women, will be asked to appear before it and to reply to questions relating to their own experiences as members and cooperators of rural credit associations. The American commission will, in fact, act as a grand jury, and the people who are to appear before it will be of every grade, the renter, the small landowner, the great landowner, the officers of the minor associations and those of the larger associations, and, besides these, the semiofficial and official authorities and their advisors, as well as other parties directly or indirectly affected by these associations.

The leading questions and answers at these "Jury of inquiry" sessions will be taken down in shorthand, and embodied in the general report of the commission. The Congress of the United States will be asked to have this report made a "public document," and important sections of the same will be reprinted for general circulation.

That the plan just outlined is a necessary step toward the adaptation of the European cooperative credit systems to American needs must be obvious to the intelligent inquirer. It is true that up to the

present time much light has been thrown on these systems. In the first place there are the twenty and odd volumes dealing with this subject published by the International Institute of Agriculture. Then there is the investigation by the American diplomatic service, and the statement in the letter to the governors by the President of the United States; and, lastly, there was the governors' conference with the President. Is not all this sufficient? By no means; all the information obtained so far no more gives a true insight into the real working of these European credit systems than would be given of the Masonic order or of the Grange by simply publishing their by-laws, the routine of their mode of procedure, or the statistical data concerning them. Only a man high in the Masonic order or in the Grange can set forth understandingly just what Masonry or the Grange stands for. If outsiders were permitted to enter the lodge rooms of the Masonic order or of the subordinate, State, and national Granges, observe their operations, interrogate their members and officers, questioning them fully upon all essential points of information, and receiving correct answers to these questions, only then would such outsiders be adequately informed on the subject.

With this in mind, it is proposed that the American Commission, which is to consist of two delegates from each State, and some "delegates at large," do this kind of work by constituting itself into a "jury of inquiry." This "jury of inquiry" will be the best means of obtaining a fundamental, practical knowledge of the European rural cooperative credit systems as they are, and of arriving at the best mode for their adaptation to meet the needs of the American farmer.

It must be admitted by all who are fair-minded in this investigation, primarily concerning, as it does, the welfare of the farmers, should be taken in hand by the farmers themselves. It would be unsafe to have this matter decided vicariously for them. It should not be decided for them by bankers or other outsiders. It will be time enough for the bankers and others to give their opinion on any plans proposed when the American Commission has returned from Europe, brought in its findings, and submitted a plan.

And now, as the farmers, through the commission of two from each State, are to make this investigation in Europe, it would appear to me that the "jury of inquiry" offers the simplest and most effective mode of doing so, and this stand has met with the approval of the delegates of the International Institute of Agriculture whom I have consulted on the subject.

ORGANIZATION OF THE AMERICAN COMMISSION.

In previous communications to the Southern Commercial Congress I have already pointed out the need for the American Commission to organize before it reaches Rome, so that on its arrival no time be lost in preliminary work which can be done before or during the voyage. The commission can organize, adopt its by-laws, and appoint its subcommittees while on the steamer en route for Rome. The 10 or 12 days of the journey on the ocean can be profitably employed toward this end.

Yours, sincerely,

DAVID LUBIN,
*Delegate of the United States International
Institute of Agriculture, Rome, Italy.*

**PLANKS IN THE PLATFORMS OF THE DEMOCRATIC, REPUBLICAN,
AND PROGRESSIVE PARTIES IN THE LAST PRESIDENTIAL
CAMPAIGN.****DEMOCRATIC.**

Of equal importance with the question of currency reform is the question of rural credits or agricultural finance. Therefore, we recommend that an investigation of agricultural credit societies in foreign countries be made, so that it may be ascertained whether a system of rural credits may be devised suitable to conditions in the United States.

REPUBLICAN.

It is of great importance to the social and economic welfare of this country that its farmers have facilities for borrowing easily and cheaply the money they need to increase the productivity of their land. It is as important that financial machinery be provided to supply the demand of farmers for credit as it is that the banking and currency systems be reformed in the interest of general business. Therefore, we recommend and urge an authoritative investigation of agricultural credit societies and corporations in other countries. And the passage of State and Federal laws for the establishment and capable supervision of organizations having for their purpose the loaning of funds to farmers.

PROGRESSIVE.

We pledge our party to foster the development of agricultural credit and cooperation, the teaching of agriculture in schools, agricultural college extension, the use of mechanical power on the farm, and to reestablish the country life commission, thus directly promoting the welfare of the farmers, and bringing the benefits of better farming, better business, and better living within their reach.

**JOINT RESOLUTION PASSED BY THE SENATE OF THE UNITED
STATES AUGUST 15, 1912.**

Whereas the Department of State of the United States detailed, upon the application of the Southern Commercial Congress, David Lubin, American delegate to the International Institute of Agriculture, Rome, Italy, to direct a conference on agricultural finance, held under the auspices of the Southern Commercial Congress in Nashville, Tenn., April 1 to 6; and

Whereas 27 States were represented through delegates in the conference; and Whereas resolutions were unanimously adopted providing for an American commission to go abroad for the investigation of rural credits in Europe; and

Whereas the Southern Commercial Congress will send the commission abroad, composed of delegates from all States of the United States, to report to the International Institute of Agriculture (which, under treaty, is supported by the Government of the United States) at the time of the meeting of the general assembly of the International Institute of Agriculture, May, 1913: Therefore be it

Resolved, That the Congress of the United States, in recognition of the valuable service to be rendered the United States in the investigation of the European systems of agricultural finance, hereby indorses the proposed American commission and invokes for it the diplomatic consideration of the countries to be included in the itinerary.

LETTER FROM PRESIDENT TAFT TO SENATOR DUNCAN U. FLETCHER, PRESIDENT OF THE SOUTHERN COMMERCIAL CONGRESS.

THE WHITE HOUSE,
Washington, February 10, 1913.

MY DEAR SENATOR FLETCHER: It gave me great pleasure to invite the attention and interest of the governors of the several States to the proposed inquiry into agricultural credits. The entire system of agricultural business which is practiced by the farmers of the United States needs to be greatly improved, in view of the failure of our food supply to keep pace with the increase of our population. I trust that every State in the Union will participate in an inquiry which, it is quite certain, will be of real and lasting importance to our rural population.

Sincerely yours,

WM. H. TAFT.

Hon. DUNCAN U. FLETCHER,
United States Senate.

LETTER FROM PRESIDENT ELECT WILSON.

STATE OF NEW JERSEY,
EXECUTIVE DEPARTMENT,
January 30, 1913.

Hon. DUNCAN U. FLETCHER, *Washington, D. C.*

MY DEAR SENATOR: The inclosed letter from Sir. Horace Plunkett will explain itself. I had a long talk with Sir Horace the other day, and I write now, as he suggests, to tell you that the proposed enlargement of the scope of inquiry by the commission which is to visit Europe has my entire and cordial approval. I think there are few safer guides than Sir Horace Plunkett.

Cordially and sincerely, yours,

WOODROW WILSON.

LETTER FROM FORMER PRESIDENT ROOSEVELT.

My DEAR SENATOR FLETCHER: Sir Horace Plunkett has told me that the commission to be appointed by the governors of the several States, which originally intended to inquire into agricultural credit in Europe, now intends to broaden the scope of inquiry so as to embrace the methods employed by progressive agricultural communities in production and marketing as well as in the financing of both these operations. I am very glad of this wise decision, as I confess I did not regard the limited inquiry originally announced as likely to do good to this country, nor the special subject to be inquired into as one which lent itself to the proposed method of investigation. But very great good can be accomplished if the commission thoroughly and impartially investigates the matters to which it is now announced that special attention will be given. I understand that both the President and the President-elect have cordially indorsed the proposal in its present form, and as an Ex-President I am glad to join in expressing my own belief in the wisdom of the course you and your associates in this important project have adopted.

When I was President I tried to open up this untilled field of social inquiry by the creation of the Country Life Commission. I am pleased to learn that so valuable a contribution to this work as you

have projected is about to be made. I shall give it my own zealous support, and, moreover, I feel that it is entitled to the heartiest support of every man awake to what is probably the most vital need of this country.

The census reports are sufficient in themselves to show that the yield per acre of our farm lands tends at best to be stationary, and indeed would undoubtedly have gone back if it had not been for the great increase in price of practically all of the staples of life. In spite of a very liberal appreciation of his product, the condition of the farmer has shown no improvement at all commensurate with the increased cost to the consumer of what he raises. This is thoroughly unsatisfactory. As I gather from the instructions you are issuing to the commission, you hold that the problem to be effectively treated must be treated in its entirety. I gather also that you believe—and in this I am wholly with you—that the trouble is to be sought and the remedy found chiefly in the matter of business organization. Of course with this must go an improvement in farming methods and an improvement in social conditions in the country districts; but the former is being adequately provided for in this country and the latter will probably be undertaken by numerous agencies—the country church, the Y. M. C. A., the granges, etc.—which are available for the purpose, when the business of the farmer is placed on a sound economic basis.

I am glad to observe that you indicate that cooperation is the chief subject of inquiry. I am confident this is the real solvent of the business problem. With its adoption in Europe has grown up the very salutary doctrine which our farmers need to learn, that they can do more by combined and individual action for the improvement of their conditions than the best governments can or ought to do for them.

Moreover, we must remember that the improvement in the farmers' condition is not their business only; for their welfare is the fundamental need of the country. Unless the farming communities are on a satisfactory basis it will be found in the long run that the conditions of the whole country are on an unsatisfactory basis. The English-speaking peoples not only in America but of Great Britain and the colonies must wake up to the fact that for over half a century every wise advance in the line of proper development of farming life has taken place not in the English-speaking countries as a whole but in certain progressive States of Continental Europe. It is to these States that we must turn, and to which you wisely turn, to find out how they have practically met the problems which now confront us and which once confronted them. I hope a very full study will be made of the Irish rural situation, because in that country most progressive farmers are reorganizing their business upon lines laid down after a study of the continental agricultural systems you are about to examine. Of course our own special needs and aptitudes, our customs and ways of thought and of life, will have to be taken into account in applying the lesson learned from abroad. But the fact remains that these lessons can and must be applied here in this country, and that very great good will come from their application.

Faithfully yours,

THEODORE ROOSEVELT.

**RESOLUTIONS ADOPTED BY NATIONAL ORGANIZATIONS INDORS-
ING THE AMERICAN COMMISSION THAT IS BEING ASSEMBLED
BY THE SOUTHERN COMMERCIAL CONGRESS.**

AMERICAN ASSOCIATION OF COMMERCIAL EXECUTIVES.

Whereas the Department of State of the United States detailed, upon the application of the Southern Commercial Congress, David Lubin, American delegate to the International Institute of Agriculture, Rome, Italy, to direct a conference on agricultural finance, held under the auspices of the Southern Commercial Congress in Nashville, Tenn., April 1 to 6; and

Whereas 27 States were represented through delegates in the conference; and

Whereas resolutions were unanimously adopted providing for an American commission to go abroad for the investigation of rural credits in Europe; and

Whereas the Southern Commercial Congress will send the commission abroad, composed of delegates from all States of the United States, to report to the International Institute of Agriculture (which, under treaty, is supported by the Government of the United States) at the time of the meeting of the general assembly of the International Institute of Agriculture, May, 1913: Therefore be it

Resolved, That the American Association of Commercial Executives, in recognition of the valuable service to be rendered the United States in the investigation of the European systems of agricultural finance, hereby indorses the proposed American commission.

FARMERS' NATIONAL CONGRESS.

Resolved, That the Farmers' National Congress favors an investigation of agricultural banking and credit in vogue in Europe and indorses the movement to send a national investigating commission abroad to study and report upon the rural credit system in effect in continental European countries.

NATIONAL GRANGE.

Whereas the Department of State of the United States detailed, upon the application of the Southern Commercial Congress, David Lubin, American delegate to the International Institute of Agriculture, Rome, Italy, to direct a conference on agricultural finance held under the auspices of the Southern Commercial Congress in Nashville, Tenn., April 1 to 6; and

Whereas resolutions were unanimously adopted providing for an American commission to go abroad for the investigation of rural credits in Europe; and

Whereas the Southern Commercial Congress will send the commission abroad, composed of two delegates from each State of the United States, to report to the International Institute of Agriculture, which under treaty is supported by the Government of the United States, at the time of the meeting of the general assembly of the International Institute of Agriculture, May, 1913: Therefore be it

Resolved by the National Grange in convention assembled at Spokane, Wash., That in recognition of the valuable service to be rendered the United States in the investigation of the European systems of agricultural finance they hereby indorse the proposed American commission.

Resolved, That we, the members of the National Grange, in annual session in the city of Spokane, Wash., in this our forty-sixth annual session, do urge that the legislature of each State in the United States appropriate \$2,400 to defray the expenses of two delegates who, in company with the delegates from the other States, shall make a study of the various financial systems of the world and evolve a plan that shall meet our financial needs.

**LETTER FROM CHAMBER OF COMMERCE OF THE UNITED STATES
OF AMERICA INDORSING THE AMERICAN COMMISSION.**

JANUARY 30, 1913.

Dr. CLARENCE J. OWENS,
*Managing Director, Southern Commercial Congress,
Southern Building, Washington, D. C.*

DEAR SIR: I am instructed by our board of directors to make the following reply to your esteemed favor of the 8th instant.

We recognize the necessity which exists for improving financial methods as applied to agricultural life to the end that the disproportionate drift to the cities may be halted and farm life become more productive and attractive.

We recommend the creation of a representative national commission to go abroad in April, 1913, to study the methods of Europe and to consider methods of adaptation to the needs of agricultural America, and will take under advisement your cordial invitation to name a member of the commission as one of the delegates at large from the United States.

Very truly, yours,

ELLIOTT H. GOODWIN,
Secretary.

**CANADIAN PROVINCE OF SASKATCHEWAN TO BE REPRESENTED
ON AMERICAN COMMISSION.**

EXECUTIVE COUNCIL, SASKATCHEWAN,
Regina, November 21, 1912.

Senator D. U. FLETCHER,
*President Southern Commercial Congress,
Southern Building, Washington, D. C.*

DEAR SIR: I was in Berlin, Germany, in September last, and took occasion in behalf of the farmers of Saskatchewan, amongst whom there has been recently a good deal of discussion on the question of the rates they are obliged to pay for borrowed money, to look into the systems of agricultural cooperative credits prevailing in Prussia with the result that I was put into communication with Mr. David Lubin at Rome, and from Mr. Lubin the suggestion has come to me that we should seek to arrange with the Southern Commercial Congress for representation on the select committee which is to go to Europe in May, 1913, to pursue investigations into the question in several of the countries of Europe.

I have discussed the matter with my colleagues and am authorized to write and ask you whether it will be possible for us to arrange to send with the select committee one or two delegates to represent the Province of Saskatchewan.

If the consent of the Southern Commercial Congress is granted I would ask that you let me have as soon as possible some particulars in connection with the matter of the expense, because it will be necessary for us to ask the necessary financial provision to be made by our legislature while it is in session and probably not later than 20th December next. If we can have the privilege of representation on the select committee we shall, of course, cheerfully undertake our proportion of the general expenses in the same way as if Saskatchewan were one of the States responsible for the originating of the inquiry.

Believe me, my dear sir, very sincerely, yours,

WALTER SCOTT,
Premier of Saskatchewan.

[Telegram.]

REGINA, SASKATCHEWAN, *February 5, 1913.*

CLARENCE J. OWENS,
*Southern Commercial Congress,
Southern Building, Washington, D. C.*

Re your letter November 30th last, Saskatchewan Government appointing two delegates, John H. Haslam and Dr. E. H. Oliver. Treasury department will at once forward money to you for reservation. Am writing.

WALTER SCOTT.

**EXTRACTS FROM LETTERS FROM HON. DAVID LUBIN, AMERICAN
DELEGATE TO THE INTERNATIONAL INSTITUTE OF AGRICUL-
TURE.**

The success of this movement will mean more for the South than is even dreamed of to-day by its most zealous friends; it will not merely mean the economic regeneration of the Southern States, but their political regeneration as well; and, more than that, as this is a matter which concerns the welfare of all the American people, and as the leadership under which this welfare is to be attained was initiated and is guided and directed by a southern organization, this, if successful, must necessarily secure for the South that exalted and commanding position so ardently desired for her by her well-wishers.

* * * * *

And this (referring to the lack of organization on the part of the farmer) is the same sad story of the farmer in all ages and all times. He is the last man to change his dialect, to change the dogmas of his religion, to change his habit of dress, to change his mode of thought; and no wonder, when we consider that the poor devil speaks to barb-wire fences, to pigs, and to clods of earth, while his urban neighbor mingles with his fellow man, and as "iron sharpeneth iron" so the urbans become shrewd and aggressively cunning, which enables them to lord it over the dull and sluggish rural mind.

But the merciful God sees it all, and, at diverse times and places, He prompts certain among men to take up this fight and champion the cause of this sluggish-witted man of the soil; and thus we have men like Buring, Raiffeisen, Schultz-Delitzsch, Luzzatti, Wollemborg, and Plunket. And the fight is a good one and noble, for it means much more than a fight for some men, for a class; it means a fight for the nation, and, in this instance, for the American Nation, for, be it ever remembered, the farmers of a nation, just because their minds are sluggish, are the conservatives, the conservatives that hold in check the radical urbans, whether of organized capital or of organized labor. But in order that this conservative may perform his function it is essential that he be not eaten up as he was in old Rome, and by the very same "robber baron," nowadays called "the trust."

If the farmers can be aroused to a sense of their potential power, if that power can be awakened, called into action, it would then be an easy task to brush aside exploiting influences. There is no power greater in all the United States than the will power of the many. That power is majestic, imperial; but it is only effective in action. It is impotent when inactive. The farmers may complain until they burst, and they will have help or sympathy from no one, but if they rise up, united, and in action, they become invincible.

If the farmers want cheap money, or, better yet, dynamic money, if they want to brush aside the exploiting financier and the exploiting trust, they can have what they want and do what they will. Let

them take this work in hand, let them solidly petition their legislatures to vote for the \$1,200 appropriation to defray the expenses of each of their delegates to the select committee, and let this select committee go to Europe and study up the agricultural financial systems in operation there, the European cooperative rural credit systems; and let them think over and digest all that they will thus learn, generalize on its adaptability to American needs, and they will be almost certain to overcome the evils under which they now labor, evils which confront them, evils which grow as time, experience, and opportunity permit. And those who aid in bringing about the abolition of these evils help make this country the greater, the stronger, and the better.

And right here it is in order for the American farmer to do some cool and deliberate thinking, so as to place himself in a position for effectual accomplishment. We all know that we must employ the proper means if we are desirous of producing certain ends. This law holds good in bridge building, in bread making, in dishwashing, in anything that we do, and it holds good in the case under consideration.

If the American farmer desires to benefit by the investigation of the European cooperative credit systems, it then becomes imperatively necessary for him to be represented on the select committee, not merely by a per cent of its membership, but by a very large per cent, the larger the better. The work should not be done vicariously for the American farmer; it should not be done for him by bankers, nor should it be done for him by professional men, nor by men of leisure, nor by men of other occupations; it should, primarily, be done by the American farmer himself.

It may be said that the farmer's mind is of too simple a caliber for the proper understanding of the great question before us, requiring, as it does, financial, industrial, commercial, and economic experience of the widest range and the highest order. Assuming this to be true, it nevertheless follows that the best composition of the committee for the end in view will be in the main the farmers; for, let it once be understood that an authoritative delegation consisting mainly of American farmers, officially accredited by the States and by the Nation, consisting of two from each State of the Union, is to visit the European countries for the proposed purpose, and this will at once arrest the attention of eminent and capable thinkers in all the world and bring forth their comment.

It is these comments, when blended with the experience acquired by the American farmers on this committee, which will indicate the most practicable method of adapting the European systems to meet the needs of agriculture in the United States. The American farmer should, therefore, busy himself in the work of obtaining the funds necessary for his State delegation.

EXTRACTS FROM THE ADDRESS OF HON. EMMET O'NEAL, GOVERNOR OF ALABAMA, AT THE GOVERNORS' CONFERENCE, HELD IN RICHMOND, VA., DECEMBER 6, 1912.

[Gov. O'Neal is chairman of the committee on rural credits of the House of Governors.]

The Southern Commercial Congress has already undertaken, with most commendable zeal, to send a commission to Europe composed of two delegates from each State to make a careful examination and study of the systems now prevailing in Europe and to report their conclusions to some subsequent meeting of the association, after which suitable legislation can be proposed and adopted. The Senate of the United States has already adopted a joint resolution indorsing the action of the Southern Commercial Congress. In my judgment there should be immediate action taken to establish some wiser and better system of loans on farm lands, a system by which these loans could be made readily negotiable, and at low rates of interest, and by which by using amortization the borrowing farmer can repay his loan in small annual payments by the time the loan matures. In the South, especially, there is urgent need of some system by which land credits can be quickly mobilized, by which mortgage security can be made readily marketable, negotiable, and available. After a mortgage loan is made the lender should be provided with some method by which he can rediscount his mortgage security like any other negotiable paper. By a system of land mortgage bonds easily negotiable that large mass of our people who have small sums to invest could find an absolutely safe investment, which they could also use as collateral or readily sell in the open market. These same persons are generally the principal victims of unscrupulous promoters who exploit millions of dollars worth of fictitious stock and bonds the chief value of which oftentimes consists only in the handsomely engraved certificates on which they are printed.

The establishment of banks of the Raiffeisen, Shulze-Delitzsch type in Germany and the Luzatti system in Italy must depend upon the action of each State. I believe that every one who makes a study of these cooperative systems can but reach the conclusion that they can be successfully operated in this country by being so modified or altered as to meet conditions in America. We must remember, however, that before we can establish similar systems of banks for the extension of rural credit in this country a propaganda of education and study must be undertaken. A central office might be established to gather together all possible information and lay down fundamental principles, to arouse public interest, to present the results of study of foreign practices, and to formulate proposed legislation. From the central office branches could be easily established in every State to commence a campaign of education, to present the fundamental principles and necessities which make the establishment of these systems of rural credit so imperative, and to arouse public interest in this important movement. The Southern Commercial Congress has already patriotically undertaken this task and proposes to make an exhaustive study of this entire subject, and the results of their investigation will no doubt be extremely valuable.

**EXTRACT FROM THE ADDRESS OF PRESIDENT TAFT AT THE
BANQUET GIVEN IN HONOR OF SIR HORACE CURZON PLUNKETT,
TENDERED BY THE SOUTHERN COMMERCIAL CONGRESS, AT
THE SHOREHAM HOTEL, WASHINGTON, D.C., JANUARY 27, 1913.**

Mr. PRESIDENT, Sir HORACE, gentlemen of the Commercial Congress, and fellow guests—for I see some here who do not belong to that Congress:

It is a great pleasure for me to come here to testify by my coming my profound respect for your guest of honor. There is not anything that the Southern Commercial Congress has done that shows the sincerity of its purpose more than this honor to Sir Horace Plunkett. He has been engaged in a country in which the accumulations of mistaken legislation had produced such a condition that it needed almost the surgeon's knife to bring about a betterment; but the history of the land legislation of Ireland is one that now with its successful result we ought to study for the purpose of enabling us to see whether we can not take something from that experience to help us on. It is true they have no constitution in England or in Ireland that is written, and Parliament is absolute, and there were a good many things done with respect to land in Ireland that we could not do here under our Constitution and that would not have been justified, except for the evils that had grown out of Parliamentary legislation and of a misstatement—or a misunderstanding certainly—of the necessities of Ireland. Now, Sir Horace Plunkett has worked in that field, and he has made a great success; and it is certain that the Southern Commercial Congress is looking to the improvement of the South and the improvement of agricultural methods, and the improvement of those methods with relation to the improvement of the people engaged in agriculture has done something that can be of great assistance to them. Now I came here to say that and that only.

The subject of credits and the necessity for improving the method of the securing of better credit to the farmers is one that I have discussed, taking much of it on credit, because I haven't had the personal experience that justifies me in speaking with any authority. The results that we have seen in Germany and in France and in other countries—doubtless in Ireland—make me think that we would be without our usual willingness to adapt everything good that we see unless we take up this subject, study it, as you propose to study it, through your commission, and then adapt it through the States in so far as it may be adapted to our civilization and our people. We used to think that we could not learn anything about agriculture from the other side, that we were so rich and that our crops were so big that really to look over to England where they had to cultivate down to the last foot was to do something that indicated a retrogression rather than a progression, but now we are reaching a point where we can calculate that unless we do something in the way of improving our methods of agriculture we shall be at a point where we shall have to import what we eat, and we shall become dependent on other countries rather than to feel the independence which has swelled our heads to a point—sometimes I think to a point of danger. We have a great deal to learn, and I doubt not that from such authority as Sir Horace Plunkett we can learn a great deal.

COMMISSION'S PURPOSE AND SCOPE.

Referring to the purpose and scope of the proposed commission, introducing Sir Horace Plunkett, at a dinner in his honor in Washington, January 27, 1913, Senator Duncan U. Fletcher, president of the Southern Commercial Congress, said:

In 1892—over 20 years ago—Edward T. Peters, under the direction of J. R. Dodge, statistician, prepared a report on cooperative credit associations in certain European countries and their relation to agricultural interests for Hon. J. M. Rusk, Secretary of Agriculture, who published it.

In this report there is discussed quite clearly, though concisely, the German credit unions or people's banks, the Raiffeisen loan associations, German legislation on cooperative associations, people's banks of Austria-Hungary, cooperative banking in Italy, and cooperative banks in Russia.

In transmitting the report it is stated "these people's banks have a success that justifies their existence, as they fill a virtual vacuum in banking opportunities for the agricultural and industrial classes." It is stated they "in a large number of cases have been of great benefit to agriculturists" and that "cooperation has assumed an altogether new importance as the result of circumstances especially characteristic of the industrial era in which we live."

Since 1892 much has been said and more written on this subject. Theses, magazine articles, and books have been published, using the systems established in European countries a half century ago as the theme. Documents have been printed in great quantities. That such systems possessed undoubted merit has been recognized; indeed, the long-continued success these institutions have enjoyed should be ample evidence of their beneficial and sound character. Yet no permanent impression was made on American minds. The great body of our people engaged in agricultural pursuits caught only an occasional and then but a faint gleam of light. Perhaps others who better understood what was being put forth did not care to give it circulation or have it considered; at any rate, no serious, effective steps were taken to give any of these systems a fixed foothold here. No agency took up the matter in any businesslike way and pushed a movement forward which was calculated to put in operation in this country some one of these financial or cooperative plans, devised primarily for the benefit of the producer and to advantage conditions of country life, in such form as would be suited to our circumstances. The International Institute of Agriculture, through the American delegate, Mr. David Lubin, has been bombarding us for years with printed material on the subject, stressing its importance and urging action.

What was needed was an organized force behind the movement, which would enlighten the people on the subject, and give it such direction as would surely accomplish definite results. Such an agency has at last been found.

Last April, by order of the State Department, Mr. Lubin came from Rome, the headquarters of the institute, to attend the annual meeting of the Southern Commercial Congress in Nashville. His purpose was to arouse our people to positive action. He insisted that we should assemble representatives from the different States for a six days' conference in Nashville, just preceding the convention. We did that, and delegates from 27 States, for six days, under the guidance of Mr. Lubin, with the publications of the International Institute of Agriculture and other documents as textbooks, reviewed the whole subject of cooperative rural credit and its branches, with the result that a resolution was adopted calling on the Southern Commercial Congress to raise a commission to be composed of two selected men from each State, to go to Europe, visit the various countries where these financial systems are in operation, and study them and the laws governing them at first hand; where cooperative societies among farmers and industrial classes are successfully established, and observe how they work, on the ground; where the best farming methods are practiced, including the purchasing of supplies, and marketing of products, and note the methods pursued and witness the transactions as they take place.

This resolution was agreed to by the Southern Commercial Congress and it at once entered upon the undertaking. We began getting together the available literature on the subject and distributing it throughout the country. Demand for this information came in from governors, members of legislatures, public officials, agricultural societies, granges, and bankers, showing widespread interest. President Taft was impressed that our banking and currency laws were defective, and that this subject was one which should be examined to the end that our agricultural interests be subserved. The Department of State, by direction of the President, engaged in an investigation of the agricultural credit systems in operation in certain of the European countries through its diplomatic officers. Ambassador Herrick submitted a preliminary report and recommendations last October.

The President, in his letter to the governors transmitting this report, said:

A study of these reports and of the recommendations of Ambassador Herrick, which I am sending you, convinces me of the adaptability to American conditions of the cooperative credit plan as set forth in the organization of the Raiffeisen banks of Germany * * *. The need for the establishment of an adequate financial system as an aid to the farmers of this country, is now quite generally recognized. * * *

And he concluded his letter by saying:

I understand that the Congress of Governors is to occur in December. Were not the interval so short, my conviction of the importance of this subject would impel me to invite you to a special conference at a still earlier date. Renewing my request for your hearty cooperation in a work of such nation-wide benefit to the farmer, the consumer, and, indeed, to the nation at large, etc.

The Congress of Governors, which met at Richmond in December, did consider the matter, Gov. O'Neal delivering a comprehensive address on that particular subject, and they adjourned to the White House, where further consideration was given to it.

At last a realization of the importance of the subject is finding a lodgment in the public mind.

Since the meeting of the governors every governor in the Union, except two, has commended the movement in which we are engaged, encouraged the sending of the commission for the purposes before mentioned, agreed that the proposal to adopt some similar or modified system in this country is a wise one, and a practical one. Every national farmers' organization has, by resolution, approved of the commission and the efforts of the Southern Commercial Congress. Local farmers' unions, boards of trade, and other organizations have taken similar action. More than half the number contemplated have already engaged to go and applications are coming in daily. It will be a question of elimination and selection, not one of solicitation for us to make up the commission. We have contracted for the trip and will sail from New York April 26 for Rome and, returning, leave Queenstown July 18. We are going there to work and we will bring back results. We will submit a report which will form the basis of legislation in the several States and in Congress. We will have two men of the highest standing and capabilities in each State who will be able to lay that report intelligently before the people of their States and inform them precisely what steps are to be taken and point the way to permanent establishment of banks, societies, or institutions, which will meet our demands. Hence the reason for so large a commission—the education of two strong men in each State, who will in turn be able to explain the system and its manner of operation, which the commission shall recommend. We believe that a study at first hand of the constitution and practical operation of these industrial and financial institutions will prove a very valuable, if not indispensable, help in formulating an American plan for the organization of popular cooperative banks in this country. You can understand, gentlemen, why the Southern Commercial Congress is pleased to acknowledge the strong stand which the President has taken in this matter in which it is so intensely concerned, for the public weal and the powerful way he has brought it home to the people of this country. You can understand, further, why the Southern Commercial Congress should seize an opportunity to extend courtesies and acknowledgments to our distinguished visitor from across the sea, who has devoted years to an examination of the very systems we propose to study and utilize, and put forth his well-directed energies in the cause until he accomplished marvelous benefits to agriculture in his native land by actually establishing and putting in operation the principles of cooperative credit and cooperative methods, which were evolved and approved as a result of the investigations he made.

We shall all be interested in hearing him relate why and how he did it and with what success.

It is contemplated that the work of the American commission to which I have referred will extend to a study of agricultural cooperation in general. We shall endeavor to find if there be practical means employed in Europe for stimulating production, increasing the returns from the farmer, looking to agricultural development in all directions, which we can report upon and have introduced here. We shall report upon plans for organization to attain the ends desired. We have not been obliged to conserve our resources in the past, and we have been wasteful and indifferent where older countries have, through necessity, learned to take care of their lands and appurtenances. These older countries, too, have found it imperative to devise

means for buying to advantage and methods of economic distribution and marketing, so as to obtain the best results. This is an unsolved problem with us, affecting both producer and consumer. We can learn much from them.

To be somewhat more specific, after conferring with Sir Horace Plunkett, whose experience and judgment command our highest respect, I may say the following will be the suggested terms of reference to the American commission:

To inquire into the business organization of agriculture in Europe.

To examine the methods employed by progressive agricultural communities in production and marketing, and in the financing of both operations, noting: (a) the parts played, respectively, in the promotion of agriculture by Governments and by voluntary organizations of the agricultural classes; (b) the application of the cooperative system to agricultural production, distribution, and finance; (c) the effect of cooperative action upon social conditions in rural communities; (d) the relation of the cost of living to the organization of the food-producing classes.

The leader of agricultural reform in Ireland, who is familiar with conditions here, and in 1910 published a work on *The Rural Life Problem in the United States*, is an honored guest on this occasion. No one has contributed more to the betterment of rural conditions in his own country than he. As far back as 1889 he began promoting agricultural cooperation. In 1894 he founded the Irish Agricultural Organization Society; in 1895 he was chairman of a committee to examine into the whole question of cooperation. He was a Member of Parliament, 1892-1900, and has held various positions of distinction and rendered great public service in other capacities. It is my privilege to present Right Hon. Sir Horace Curzon Plunkett.

ADDRESS BY THE RT. HON. SIR HORACE PLUNKETT, IN WASHINGTON, D. C., JANUARY 27, 1913.

THE AMERICAN INQUIRY INTO THE ORGANIZATION OF AGRICULTURAL BUSINESS IN EUROPE WELCOMED.

I can not express in words my appreciation of the honor the Southern Commercial Congress has done me in inviting me to be their guest at this dinner, which is rendered notable by the attendance of the President of the United States. When I was first invited to support the project for sending a delegation from every State in the Union to inquire into agricultural credit in Europe I felt I should be in a very awkward position, for I could not indorse the proposal as I then understood it. I feared that I might be regarded as a sort of inverted Balaam and that possibly you might say that it was not Balaam himself that spoke to you. But the clear and admirable address just delivered by Senator Fletcher shows that after all the Southern Commercial Congress and those old-country folk with whom I work upon this modern problem of rural life, see eye to eye. The general instructions issued to the commission now make known to the public that their inquiry will be broadened to embrace a range of vitally important questions. Now that you are going to obtain full information upon the organization of European agriculture in production, in distribution, and in the credit required for the economical conduct of both operations, I can guarantee that in my own country, where we are engaged in the same studies, the commission will be cordially welcomed. We shall do our utmost to assist them in obtaining such information as our experience tells us will be most useful to them on their return. We shall take pride in showing them how one of the English-speaking countries is learning the lesson the continental farmers have to teach them all.

A SIMILAR IRISH INQUIRY AND ITS RESULT.

Many of those whom I have the honor to address may wonder how it comes that an Irishman should presume to advise an American audience upon the economics of agriculture. I am aware that my countrymen are not conspicuously successful as farmers in this country. We have elected to apply our peculiar gifts to the government of your cities, for which I hope you are duly grateful. But at home, during the last quarter of a century, a change in British policy has encouraged those of us who desire to rebuild the fortunes of our country to concentrate upon what is sometimes called our single industry and to try and raise it to a high state of productivity. The conditions under which this work was undertaken were peculiar; but in the pursuit of our object certain principles of agricultural development have been established, partly as the result of actual experiment and partly by what we have learned in other countries the commission

is to visit. Thus it comes that the story I have to tell has, as I think, a real interest to you at this moment in your own national history.

The outstanding fact of Irish life to-day is that after a conflict centuries old between the small class which owned the land and the numerous class which occupied and cultivated it, the agrarian revolution common to most European countries is ending, as it always does end, by the transfer of the ownership of the land to the tiller of the soil. With the aid of imperial credit to the amount of some two billion dollars, the whole agricultural land will in a short time have been handed over to a population of, roughly, two and a half million people, mostly belonging to what is generally called the peasant class. It was this fact which led us to examine into the history and present condition of similar communities in countries where the land question had been settled and where prosperous and progressive peasantries had been established. Everywhere we found that the prosperity of rural communities was due to a judicious combination of state assistance, mostly educational in its character, with organized self help, the latter predominating. Everywhere it was recognized that what a farming community, by intelligent combination, could do for themselves was immeasurably more important than what the best of governments could do for them. Everywhere effect was given to this principle through the cooperative system. Long before we had studied the problem in all its aspects, the paramount importance of this agency of rural progress had become so manifest that we determined to reorganize our entire agricultural industry upon cooperative lines. To-day the Irish farmers, following the teaching of continental experience, are learning to combine together to purchase everything that they require in their industry; to manufacture butter and bacon; to dispose of their produce; to obtain working capital on favorable terms; and, in short, to do in combination everything which can be more effectively or economically done in this way than in the antiquated hyperindividualistic way which the Anglo-Saxon farmer still pursues.

To-day some hundred thousand Irish farmers, accounting for about half a million of the population, are organized into over 900 societies for various purposes, and are doing an annual business of about \$15,000,000. But the real thing gained is that it is now universally recognized that agricultural cooperation is essential to the success of Irish farming and that, as rapidly as possible, it must be universally applied.

Quite early in this reorganization of Irish agriculture the agricultural classes gathered sufficient political influence to induce the British Government to give to Ireland a "Department of Agriculture and Technical Instruction," as it was called, molded upon continental lines, and more democratically constituted than any Government institution in the British Empire. I was the working head of that department for its first seven years and I became convinced that the value of the work done by the department's experts to develop the farming industry depended upon the extent to which the farmers had adopted cooperative methods in their business.

FUNDAMENTAL PRINCIPLES OF AGRICULTURAL DEVELOPMENT AND
RURAL PROGRESS.

During these years those who have been mainly instrumental in building up the cooperative movement and in getting a system of State aid to agriculture to work, have gradually come to an agreement upon the main principles which must govern any successful attempt to raise Irish agriculture to the level of continental efficiency. We stand for two main propositions. The first is, that you must treat the problem of rural life in each of its three aspects. First, agriculture must be regarded as an industry and therefore, like all other industries, must have applied to it the teachings of modern science. That everybody now admits, and most countries are much more liberal in giving that kind of education than they are in the matter of general education. Secondly, agriculture must be treated as a business, and its methods must be modernized. The farmers are the only body of workers who have failed to realize that in these days everything must be done in a large way if it is to be done to pay, and that if men have small businesses they must combine together to get the advantages of large transactions. Furthermore—to this I shall return directly—the form of combination suitable to farmers is the cooperative form and unless this is employed their combinations do not succeed. Thirdly, agriculture must be treated as a life and the social conditions of rural communities must be radically improved so as to stop this eternal drain of all that is best and most enterprising in the population from the country to the town.

The second Irish proposition is that in working out this three-fold reform you must begin with the reorganization of the farmers' business on cooperative lines. And this for two reasons. Experience shows that much of the money spent in teaching farmers how to produce more is now wasted, because from lack of organization, they have no control over the marketing of their product, and middle interests intervene to rob them of their profit and levy an enormous tax upon the consumer as well. It is also found that until rural folk have learned to come together in the business of their lives, and have found it to their mutual advantage to do so, it is not easy to get them to come together for the higher purposes of social and intellectual advancement. On the other hand, where cooperation is practiced and the consequent cooperative spirit is evoked you find the business organization being used to improve social conditions. In the terms of our Irish formula, the problem of rural life is to be solved by "better farming, better business, better living," and you must begin with better business.

THE BRITISH ORIGIN OF RURAL NEGLECT.

What I have told you so far is simply the story of Ireland's attempt to give up the agricultural economy—by which I mean the whole method of doing the farmer's business—which obtains in the British Isles in favor of the agricultural economy which was enabling the continental farmers to beat the Irish farmers in supplying the British markets. And here I think it well to say a few words about the origin of the difference between the agricultural economies of the English-speaking countries and of the continental countries.

The relegation of agriculture to a subordinate position in the national economy dates from the industrial revolution which began in England in the latter half of the eighteenth century. It happened that in those days England, owing to her insular position, was the only country which was free to make full use of steam power and of the succession of mechanical inventions, beginning with the spinning jenny, which substituted for the scattered industries, once regarded as subsidiary to agriculture, the concentrated manufacture of the modern city. That was the beginning of the rural exodus which is still draining the agricultural population of its best element. At the same time the social and economic well-being of the city populations became the almost exclusive concern of philanthropic effort and constructive statesmanship. The idea became rooted in the English mind and dominates the English-speaking peoples that a nation's political and military strength depends upon industrial development at home and commercial expansion abroad, and that to these ends all other considerations must give place.

In the continental countries of Europe the necessity of maintaining a military régime no doubt retarded industrial development; but, on the other hand, it compelled governments to give as much attention to the needs of the rural as to those of the urban population. Thus we find that quite as much attention was given in these countries to the education required to fit the farmer for his industry as was given in the cities to the education of the commercial and industrial classes. As the result of this policy, the agricultural economy of such countries as France, Germany, Austria-Hungary, Belgium, Denmark, and the north of Italy is wholly different from and, I think it might be added, vastly superior to that which exists in the United States and other English-speaking countries.

WHY ANGLO-SAXON AGRICULTURE REMAINS UNORGANIZED.

However opinions may differ as to the cause, I do not think there will be any questioning the fact that while in these continental countries the farmers are applying methods of combination to their business, in the United States, where the organization of business has been brought to the highest perfection, the farmers, speaking generally, have signally failed to adopt methods of combination. I attribute this not so much to their failure to recognize the need for combination as to a general attitude of mind which has unfitted them for organized action. In the townification—if I may coin such a word—of all thought, it has been assumed that the form of combination suitable to town business must be suitable to country business, which it is not. The ordinary joint-stock corporation is a pooling of business for more economic or efficient conduct or an investment of capital for profit. The great majority of those who join it part with all control of their business. The farmers' combination is wholly different in its purpose. He who enters it does not wish to part with his business or with its control, and he does not seek an investment for his capital. He joins with his neighbors with the sole object of bettering the conditions under which he conducts his own business. Hence, if the combination is organized on the joint-stock or capitalistic basis it usually breaks down—here I am speaking from long study and observation and a good deal of practical experience—because the con-

trol and the profits of the joint undertaking fall into the hands of those who happen to have the most stock in it. If, however, the cooperative system is resorted to, the reward of capital is limited to a fixed percentage. All the remainder of the profits are divided among the participants in the undertaking in proportion as each one has contributed to their making, and the governing body is elected upon the democratic principle of one man one vote. I am firmly convinced that the persistence of the American farmers in making their business the sole exception to the universal rule of American business is to be explained by this wrong assumption that a system of organization suitable to all other occupations is suitable to agriculture.

If this much be granted a great deal of work has to be done upon the problems of agricultural organization before what is no less than a tremendous economic revolution can be put into operation. Whether it is worth while making this effort depends upon the view we take of the part which agriculture is playing in the economy of the United States to-day. I propose very briefly to give my reasons for holding that the condition of what is your chief industry presents an extremely grave problem which calls for the very best thought which the economists and statesmen of this country can devote to it.

A SURVEY OF AMERICAN RURAL ECONOMY.

For three and thirty years I have been a somewhat close observer of agricultural conditions in the great food-producing section of the Middle West, and I have tried to keep myself generally informed as to the position of agriculture throughout the Union. I am afraid if I were to speak my whole mind I should describe your agricultural economy as the most extravagant in the world. Of course, I am aware of the circumstances to which this is due. The opening up of vast tracts of virgin soil is necessarily demoralizing to husbandry. I have seen almost a generation of so-called farmers in a portion of the corn belt, which has been opened to settlement since I have been coming to this country, passing like locusts over the soil, robbing it of its fertility—in order to meet the financial exigencies arising from purchasing on credit more farm land than they could cultivate—selling out on a profit made by immigration and railroad development, and passing on to repeat the process farther west. Canada is now getting what, let us hope, is the last of these human locusts.

Meanwhile, how does the country as a whole fare while its food producers are indulging in land speculation instead of farming?

THE DECLINING FOOD SUPPLY.

This is no occasion for statistical details; the broadest generalities must suffice. It will not, however, be denied that the output from the farm lands of the United States is deplorably low. In practically every crop the yield is markedly lower than in even the most backward European countries with the exception of Russia. The census figures make it quite clear that the population is increasing far more rapidly than the food production. As the President stated just now, unless things are radically changed the United States will very soon be a food-importing country. And this depressed condition of the

greatest of all national industries—indeed, for the matter of that, the only really necessary industry—exists in spite of the fact that you are spending millions upon millions in giving the best scientific education and advice obtainable by farmers in any country in the world and that your farmers have had the further incentive of a rise during the last ten years of some 80 per cent in the value of their product. No man entering upon a productive industry has any right to figure on more than a level of prices. Imagine what would have happened to American farmers if during these 10 years prices had remained stationary or had not risen more than the cost of production and the standard of living may be said to have risen. One thing I am certain would have happened: All the American farmers would have been driven, as the Irish farmers have been, to learn the continental lesson which I devoutly hope this commission is going to teach.

SOME SOCIAL EVILS OF A BAD AGRICULTURAL ECONOMY.

The evil effects of this wasteful extensive farming do not end with the restriction of the nation's food supply and with the exhaustion of the fertility of the soil, which threatens to perpetuate the shortage. One of the false economies of the present system is the employment of a large amount of labor at a high wage during harvest time and the minimum employment of labor for the rest of the year. This tends to maintain an army of hoboos, whose not very inspiring rural existence during the open season of the year is followed by a most undesirable accession to the ranks of the unemployed in the cities during the winter months. Then, again, the absence of intelligent and provident husbandry is probably largely responsible for the growing tendency of landowners to let their land and live in the cities. Such farming, as an occupation, can have no attraction for them, and they too drift into the cities. It is doubtful whether they make any contribution to urban society which compensates for the harm they do to rural society, by the introduction of tenants who are not likely to take an interest in building up a community life with which they have no abiding connection. For these and many other reasons which can not find place here I believe a wholly new agricultural economy to be indicated and that the commission's European inquiries will lead irresistibly to the conclusion that the necessary reorganization must be based upon the cooperative principle.

THE EXAMPLE OF WISCONSIN.

In one of your States this conclusion has already been reached, and definite action has been taken upon it. The legislature of Wisconsin has passed a series of laws to facilitate cooperative organization of the farmers' business. It has further instructed the State University at Madison, which has done splendid work in the promotion of "better farming," to supplement that work with the teaching of "better business." There has recently been added to the economic faculty a new professorship which is to specialize in cooperation and marketing. I was there a few weeks ago and found the governor, many prominent members of his government and legislature, and the authorities of the university discussing a question of vital importance about the working out of the entire scheme. On that question I must here say a few words.

